

Message Text

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EO 11652: NA

TAGS: EIND, BEXP, TC

SUBJ: OPPORTUNITY FOR US FIRMS: PVC PLANT FOR ABU DHABI

SUMMARY: ABU DHABI NATIONAL OIL COMPANY (ADNOC) IS ABOUT TO AWARD ITS FIRST CONTRACT FOR A PETROCHEMICAL PROJECT. ALTHOUGH THE JAPANESE FIRM OF C. ITOH HAS PRESENTED PROPOSAL FOR PVC FACTORY, ADNOC IS DELAYING THE FINAL AWARD OF CONTRACT IN HOPE OF RECEIVING PROPOSALS FROM U.S. COMPANIES. ADDRESSEES ARE REQUESTED TO INFORM U.S. PETROCHEMICAL FIRMS AND EMPHASIZE NEED FOR RAPID ACTION AND FACT THAT THIS SMALL PROJECT WILL BE FOLLOWED BY MAJOR PETROCHEMICAL VENTURES IN ABU DHABI. END SUMMARY.

1. ABU DHABI NATIONAL OIL COMPANY (ADNOC) IS ABOUT TO TAKE ITS FIRST CAUTIOUS STEP INTO THE SEA OF PETROCHEMICALS WITH THE CONSTRUCTION OF A FACTORY TO PRODUCE 1,200 TONS OF PVC (PLASTIC VITHINOL CHLORIDE) A YEAR. PVC IS USED IN MAKING FERTILIZERS AND PLASTIC PIPES FOR THE DEPARTMENT OF WATER AND ELECTRICITY. IN 1973 ABU DHABI IMPORTED 75 MILLION DIRHAMS (\$19 MILLION) OF THESE PRODUCTS, MOST OF WHICH ARE BEING USED AT IRRIGATION AND AGRICULTURAL PROJECTS IN THE INLAND OASES OF THE UAE.

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2. THIS PVC PROJECT WILL COST ABOUT \$1.6 MILLION AND WILL BE

AWARDED WITHOUT TENDERS. THE JAPANESE FIRM OF C. ITOH HAS PREPARED A STUDY-PROPOSAL FOR THIS PLANT, BUT ADNOC IS DELAYING START OF PROJECT QUOTE PENDING FURTHER STUDIES UNQUOTE.

3. ADNOC OFFICIALS HAVE TOLD THE EMBASSY THAT BEFORE THIS PROJECT IS AWARDED TO THE JAPANESE ADNOC WOULD LIKE TO HAVE BETTER IDEA OF WHAT IT IS GETTING FOR ITS MONEY, AND IS DELAYING FINAL APPROVAL OF PROJECT IN THE HOPE THAT PERHAPS OTHER FIRMS WILL PRODUCE BETTER PROPOSALS. U.S. FIRMS INTERESTED IN THIS PROJECT SHOULD INFORM ADNOC OF THEIR INTEREST ASAP BY TELEX (AH 215). SPEED IS EXTREMELY IMPORTANT SINCE SHEIKH TAHNOON, CHAIRMAN OF THE BOARD OF ADNOC IS PERSONALLY INTERESTED IN THE EXECUTION OF THIS PROJECT, AND IF HE RECEIVES NO EXPRESSIONS OF INTEREST FROM U.S. FIRMS HE WILL GO AHEAD AND APPROVE THE JAPANESE PROPOSAL.

4. COMMENT: EMBASSY SEES THIS PROJECT AS AN EXCELLENT OPPORTUNITY FOR AMERICAN FIRMS TO ENTER ABU DHABI PETROCHEMICAL FIELD IN SMALL WAY WITH A PROJECT THAT WILL BE FOLLOWED BY MAJOR ADNOC PROJECTS FOR BUILDING METHANOL AND LNG PLANTS. THE FIRM THAT UNDERTAKES ADNOC'S FIRST PETROCHEMICAL VENTURE, HOWEVER SMALL, WILL BE IN AN EXCELLENT POSITION TO PARTICIPATE IN FUTURE, LARGER SCHEMES.

5. ACTION REQUESTED: DEPARTMENT AND ADDRESSEES SHOULD BRING THIS OPPORTUNITY TO ATTENTION OF US PETROCHEMICAL COMPANIES, INCLUDING TRANSWORLD GAS SYSTEMS CORPORATION, WHICH HAS PRESENTED A PROPOSAL FOR DEVELOPMENT OF PETROCHEMICAL INDUSTRY IN ABU DHABI. ADNOC WAS MOST IMPRESSED WITH TRANSWORLD'S PROPOSAL AND WOULD LIKE TO SEE THIS COMPANY CONTINUE ITS INTEREST IN THIS FIELD OF INDUSTRIAL DEVELOPMENT IN THE UAE.
GRIFFIN

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